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SUBJECT: LAGOS MAKES STRIDES IN PROPERTY REGISTRY

¶1. Summary: On June 19, Debra Erb, Overseas Private Investment Corporation (OPIC), and housing sector stakeholders visited the Lagos State Lands Bureau. The Bureau has implemented significant improvements in registering property, including dramatically lowering fees, automating registration, and streamlining Governor's consent. The state government was also exploring options for low-cost housing for civil servants. End summary.

¶2. A June 19 visit to the Lagos State Lands Bureau with Debra Erb, Overseas Private Investment Corporation (OPIC); representatives of First City Monument Bank (FCMB); Jim Brenner, Chief Executive Officer (CEO), Broad Cove Partners, an emerging market private equity manager; and Econoff revealed significant improvements in registering property. Dayo Akintoye, Registrar of Titles, Onikepo Animashaun, Chief Magistrate, and Muyiwa Gbadegesin, assistant to Mrs. Akintoye, outlined this progress.

Reduced Fees, Automated Registration

¶3. The fees for Governor's consent and property registration had been lowered significantly, from 50 percent to 15 percent. The lower fees had already resulted in an increased volume of transactions, yielding greater revenue for the state, said Akintoye.

¶4. Registration had been fully automated and existing documents scanned into a digital database. A tour of the public computer room confirmed a modern facility wherein property searches could be completed in a matter of minutes. Governor's consent would be streamlined with the implementation of "mortgage desks," which Akintoye said had already been put in place. This would be a public-private partnership, in which a firm would be contracted to process the transactions. Profitability would hinge on the number of transactions. To facilitate resolution of property disputes, newly-elected Lagos State Governor Babatunde Fashola had created mortgage courts, which were expected to resolve cases within three to six months.

¶5. These changes had been designed with significant input from the private sector, said Akintoye. Oloyede Obatoyinbo, Vice President, Head Home Loans, FCMB, concurred that FCMB had made suggestions for reform. Obatoyinbo offered to share FCMB's data on the housing sector with the Lands Bureau, and Brenner said he would assist FCMB in compiling such data. Akintoye welcomed the offer, noting that reliable information was difficult to come by.

Low-Cost Housing Is A Priority

¶6. Affordable housing was a priority for Governor Fashola, and he hoped Lagos would serve as a model for other states. Akintoye noted

that a recent initiative by the UK-based Department for International Development (DFID) and the Ministry of Housing had employed Lagos as a model.

¶17. Lagos was currently identifying areas suitable for the construction of low-cost housing. A priority was housing for civil servants, which could also be used as a model for other housing projects. Public low-cost housing projects have been limited, in part, because of the high cost of construction materials. (Note: Jim Brenner lamented that tax on construction materials was 40-45 percent. End note). Upon construction and payment of all applicable fees, most civil servants were priced out of the market. One solution, Akintoye suggested, would be to lease state-owned land to developers and place a cap on prices.

¶18. Because of limited credit information on individuals, lenders were approaching mortgages through corporate groups. Civil servants were one such group, and they represented a relatively low-risk population due to their long tenure of employment. Trade associations also tended to have a well-developed credit system, said Akintoye. Because of the decreased risk, association lending allowed lower interest rates. Erb noted that the working class was often a better credit risk than the wealthy, who were more prone to face a sudden reversal of fortune.

¶19. Debra Erb, Jim Brenner, and the representatives of FCMB said they were impressed with the scope of changes already implemented by the Lagos State Government.

Comment

¶10. The changes outlined by the Lands Bureau officials have already

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resulted in increased property registration. Together with the mortgage courts, this could facilitate consumer lending as banks become more willing to use property as collateral. End comment.

¶11. Debra Erb cleared this cable.